

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1175

(Reference to Senate engrossed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 45-2244, Arizona Revised Statutes, is amended to
3 read:

4 45-2244. Acquisition and disposition of initial quantity of
5 water

6 A. The authority, acting through its board, shall apportion the rights
7 to the delivery of the first eighteen thousand five hundred acre-feet per
8 year of Colorado river water that it obtains as follows:

9 1. The right to the delivery of ~~fifteen~~ EIGHTEEN thousand FIVE HUNDRED
10 acre-feet per year of Colorado river water shall be apportioned by
11 subcontract and made available to authority members for municipal uses.

12 ~~2. The right to the delivery of three thousand five hundred acre feet~~
13 ~~per year of Colorado river water shall be apportioned by subcontract and made~~
14 ~~available for industrial uses.~~

15 ~~3.~~ 2. Notwithstanding the apportionment to municipal ~~and industrial~~
16 uses as prescribed by ~~paragraphs~~ PARAGRAPH 1 ~~and 2 of this subsection,~~
17 Colorado river water may be made available by the authority for industrial,
18 agricultural or miscellaneous uses as prescribed by subsection ~~F~~ E of this
19 section until that water is needed for municipal ~~or industrial~~ uses.

20 B. The authority, acting through its board, shall make available
21 Colorado river water that is apportioned for municipal uses as prescribed by
22 subsection A, paragraph 1 of this section to authority members through
23 subcontracts between the authority and the authority member for the sale and
24 delivery of Colorado river water. The term of these subcontracts may be
25 coextensive with the term of the contract with the United States pursuant to
26 which the authority obtains the Colorado river water or the duration of the
27 subcontracts may be for a lesser term. The rate charged for the Colorado
28 river water made available to the authority members for municipal uses may be

1 fixed for all or part of the subcontract term but shall be established by
2 subcontract to permit the authority member to provide the water to its
3 customers at a reasonable cost as determined by the authority in the exercise
4 of its discretion. Any subcontract may require the authority member to pay
5 water supply fees or to assess and share the cost of water supply fees with
6 the authority. Water supply fees include standby or holding charges,
7 development impact fees, connection fees, extraction fees, user fees,
8 administrative fees, other fees or charges that the subcontract requires and
9 the member collects for new uses to be served with the water made available
10 pursuant to subcontract or any other fees that the authority determines to be
11 necessary or prudent to fund the acquisition of replacement supplies of
12 water. Any such fees assessed or collected by the authority member shall be
13 remitted to the authority and deposited in the funds of the authority as
14 provided in this chapter.

15 C. The Colorado river water apportioned for municipal uses under
16 subsection B of this section shall be served by the authority member within
17 the service area established for the authority member in any water service
18 contract between the authority member and the United States. The Colorado
19 river water so apportioned may not be served to any single industrial user
20 for manufacturing purposes, processing purposes or thermoelectric power
21 generation, with a demand greater than two hundred fifty acre-feet per year
22 until the end of the seventh year after the authority is formed.

23 D. If Colorado river water that is made available to authority members
24 for municipal uses pursuant to subsection B of this section is not
25 subcontracted for by authority members within one year of the authority's
26 formation pursuant to section 45-2202, subsection C, the Colorado river water
27 may be made available by subcontract to other municipal water providers in
28 the county in which the authority is formed on terms consistent with this
29 section.

30 ~~E. The authority shall make Colorado river water that is apportioned~~
31 ~~for industrial uses as provided in subsection A, paragraph 2 of this section~~
32 ~~available to applicants through subcontracts for the sale and delivery of~~

~~that water. The term of the subcontracts shall be set by the authority and may be coextensive with the term of the contract with the United States pursuant to which the authority obtains the Colorado river water. The rate charged for Colorado river water made available to applicants for industrial uses may be established by subcontract or by tariff set by the authority. The rate charged may vary or may be fixed for all or a part of the subcontract term. The initial rate charged per acre-foot shall not be less than the rate charged per acre foot by a multi-county water conservation district, or its successors, for the capital and fixed operation and maintenance charges associated with an acre-foot of central Arizona project municipal and industrial water in the year in which the authority subcontracts for the sale and delivery of the water.~~

~~F.~~ E. Notwithstanding the apportionment to municipal ~~and industrial~~ uses as provided in subsection A, ~~paragraphs~~ PARAGRAPH 1 ~~and 2~~ of this section, the authority may subcontract for the delivery of Colorado river water for industrial, agricultural or miscellaneous uses for which subcontracts have not been executed as provided in ~~subsections~~ SUBSECTION B ~~and E~~ of this section or for which subcontracts have been executed as provided in ~~subsections~~ SUBSECTION B ~~and E~~ of this section if there is no current demand for the water by the subcontractors. A subcontract for the delivery of Colorado river water for an industrial, agricultural or miscellaneous use under this subsection shall not be for a term of more than five years. A subcontract under this subsection may serve an existing use of Colorado river water which was not supported by a contract for the delivery of Colorado river water on January 1, 1994, or a new use of Colorado river water initiated after January 1, 1994. A subcontract under this subsection shall be subject to the approval of subcontractors with subcontracts entered into pursuant to subsection B of this section. Any subcontract under this subsection shall impose the charge per acre-foot of Colorado river water delivered that the authority in its discretion determines to be adequate. Any subcontract under this subsection may be renewed or extended successively for the same or a shorter period of time. For THE purposes of this

1 subsection, "miscellaneous use" means a use of water for recreational or fish
2 and wildlife purposes.

3 ~~F.~~ F. The authority may accept transfers of the Colorado river water
4 entitlements of its members and may contract with the United States for the
5 delivery to the authority of the initial eighteen thousand five hundred
6 acre-feet a year of Colorado river water obtained by the authority. The
7 authority may contract with the United States for the delivery of any
8 additional amounts of water obtained by the authority from its members and
9 may contract as provided in section 45-2245.

10 ~~H.~~ G. Any subcontract under this section shall require the Colorado
11 river water delivered pursuant to the subcontract to be used in the county in
12 which the authority is formed.

13 Sec. 2. Section 45-2281, Arizona Revised Statutes, is amended to read:

14 45-2281. Establishment of funds; allocation of authority
15 revenues; member dues

16 A. On the authority's formation, a grant fund, a water acquisition
17 fund and an operating fund are established. The authority's revenues shall
18 be deposited in and disbursed from the funds as provided by this section.
19 Revenues deposited in the grant fund may be used to make grants to authority
20 members for water acquisition, water conservation and water reuse. Revenues
21 deposited in the water acquisition fund may be used to acquire water pursuant
22 to section 45-2245. Revenues deposited in the operating fund shall be used
23 as provided in subsection E of this section.

24 B. Except as provided in subsection D of this section, all revenues of
25 the authority shall be deposited in the grant fund except the following:

26 1. Dues paid by authority members, which shall be deposited in the
27 operating fund.

28 2. Ten per cent of all amounts paid by municipal subcontractors under
29 subcontracts entered into as provided in section 45-2244, subsection B, which
30 may be deposited in the operating fund or the water acquisition fund as
31 determined by the board.

1 3. Fifty per cent of all amounts paid by subcontractors of the
2 authority pursuant to subcontracts entered into as provided in section
3 45-2244, subsection E ~~or F~~.

4 4. That portion of the monies earned by the authority under
5 subcontracts entered into pursuant to section 45-2245, subsection H that is
6 equal to the cost to the authority of obtaining the water transferred under
7 those subcontracts and, after payment of seven million five hundred thousand
8 dollars as adjusted pursuant to subsection C of this section, all of the
9 monies earned from those subcontracts.

10 C. Except as provided in subsection B of this section, all of the
11 authority's revenues shall be deposited in the grant fund until the full
12 amount of the initial grant and any additional amounts required in a grant
13 agreement between the authority and the member that receives the grant have
14 been disbursed from the grant fund as provided in this subsection. The
15 initial grant from the grant fund shall be made to the authority member that
16 transferred, or caused to be transferred, to the authority the right to the
17 delivery of eighteen thousand five hundred acre-feet per year of Colorado
18 river water in connection with the authority's formation. The amount of the
19 grant to that member shall equal seven million five hundred thousand dollars
20 plus any additional monies that the authority and the member agree to in a
21 grant agreement between the authority and the member, which amount shall be
22 adjusted annually from the date of the authority's formation either for
23 inflation or as may otherwise be provided in the subcontracts of the
24 authority or in the grant agreement, until the amount of the initial grant
25 required by this subsection and any additional amounts required by the grant
26 agreement are paid in full. The initial grant may be disbursed in a lump sum
27 or in partial payments in accordance with the request of the authority member
28 that is entitled to receive the grant and as revenues become available to the
29 authority and are deposited in the grant fund. The authority member that is
30 entitled to receive the grant may request that disbursements be made whenever
31 revenues have been deposited in the grant fund. Notwithstanding section

1 45-2282, the authority shall promptly disburse those revenues that are
2 deposited in the fund on receipt of a request from that member.

3 D. After the disbursement of the full amount of the initial grant and
4 any additional amounts required in a grant agreement of the authority from
5 the grant fund as provided in subsection C of this section, the authority's
6 revenues, except dues paid by authority members, may be deposited in the
7 grant fund, water acquisition fund or operating fund as determined by the
8 board.

9 E. The authority shall establish a schedule of dues that is
10 sufficient, when aggregated with other monies available for the payment of
11 administrative expenses, to pay the estimated administrative expenses of the
12 authority. Dues shall be assessed and allocated equitably among authority
13 members as determined by the board. All dues received by the authority shall
14 be deposited in the operating fund. Expenditures may be made from the
15 operating fund to pay:

16 1. The authority's administrative expenses.

17 2. The costs of the authority's formation including an equitable
18 portion of the costs of the municipal corporation that transferred rights to
19 the delivery of Colorado river water as provided in section 45-2202.

20 3. The costs associated with holding any entitlement to water acquired
21 by the authority.

22 4. Subject to subsection C of this section, the costs incurred by the
23 authority in the operation of any project undertaken by the authority
24 pursuant to this chapter.

25 5. Amounts payable to the United States annually for the right to hold
26 and use the eighteen thousand five hundred acre-feet per year of Colorado
27 river water acquired by the authority pursuant to section 45-2202, subsection
28 C, which amounts may include any tax, fee or excise imposed upon the sale or
29 transfer of the water.

30 F. Any authority member that is in arrears in the payment of its dues
31 for more than sixty days shall lose the right of its appointed director to
32 vote on all authority matters until all of the dues that are in arrears are

- 1 fully paid. An authority member whose dues are in arrears does not lose
- 2 membership in the authority because of the arrearage."
- 3 Amend title to conform

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11:10 AM
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